

TO THE SHAREHOLDERS
IRWIN TOY LIMITED

I am pleased to report to you the interim unaudited financial results of your Company for the six months ended July 31st, 1971. These results show the following progress when compared to the same period of 1970.

- Sales and services of Irwin Toy Limited increased by 48%.
- Earnings for the period increased from 25 cents to 30 cents per share.

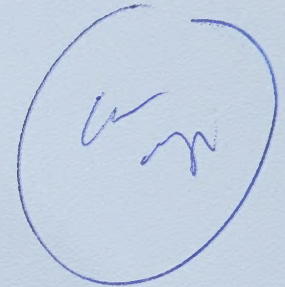
The management of the company considers these increases in earnings and sales to be satisfactory, especially when they are compared to the 15% increase in total department store sales over the same period as reported by the Dominion Bureau of Statistics.

The recent economic measures announced by the President of the United States have not measurably altered the outlook for your company. We depend on the United States for ideas and products, but do not export to the U.S. and therefore are not affected by the surcharge.

We are encouraged by the results achieved so far this year and are optimistic that the seasonally stronger second half will result in a continued improvement in sales and profits for the full year.

ARNOLD B. IRWIN
President.

IRWIN TOY LIMITED



*interim report
to the shareholders*

SIX MONTHS ENDED JULY 31, 1971

IRWIN TOY LIMITED

(UNAUDITED INTERIM REPORTS)

six months ended July 31, 1971

(with comparative figures for the six months ended July 31, 1970)

STATEMENT OF EARNINGS

	1971	1970
Earnings before the following deductions (Note 1)	\$641,587	\$457,368
Depreciation	39,030	33,734
Interest on long-term debt	24,424	25,545
Income taxes	305,800	208,000
	<u>\$369,254</u>	<u>\$267,279</u>
Net earnings before undernoted	272,333	190,089
Equity in net earnings of companies 50% owned	91,157	110,737
Net earnings for period	<u>\$363,490</u>	<u>\$300,826</u>
Shares issued and outstanding	1,211,800	1,203,300
Per share	\$ 0.30	\$ 0.25

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1971	1970
SOURCE OF FUNDS:		
Net earnings for period	\$363,490	\$300,826
Deduct: Equity in net earnings of companies 50% owned	<u>91,157</u>	<u>110,737</u>
	272,333	190,089
Capital stock issued	70,300	8,550
Depreciation on fixed assets	<u>39,030</u>	<u>33,734</u>
	<u>\$381,663</u>	<u>\$232,373</u>
APPLICATION OF FUNDS:		
Increase in cash surrender value of life insurance	\$ 12,811	\$ 2,391
Building and equipment additions	10,798	53,080
Decrease in long-term debt	31,336	34,505
Dividend	<u>120,960</u>	<u>—</u>
	<u>\$175,905</u>	<u>\$ 89,976</u>
INCREASE IN WORKING CAPITAL . . .	<u>\$205,758</u>	<u>\$142,397</u>

NOTE:

SALES PERCENTAGE INCREASE

The percentage increase of sales of products and services over the prior year was:

For the six months ended July 31, 1971 over 1970 . . . 48%.

For the six months ended July 31, 1970 over 1969 . . . 23%.